

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	ORDER NO. D04-47
AFFILIATED FM INSURANCE CO.)	
)	CONSENT AND ORDER
An Authorized Insurer.)	

FINDINGS OF FACT

1. Affiliated FM Insurance Company ("Affiliated FM") is an insurance company authorized to transact property insurance business in the State of Washington.
2. For the relevant time periods described in this order, Affiliated FM issued new or renewal commercial property insurance policies to Washington residents.
3. From March 2001 to February 2002, Affiliated FM issued certain policies containing a mold and exterior insulation and finish system (EIFS) provision that had not been approved by the Office of Insurance Commissioner of the State of Washington ("OIC").
4. From November 2001 to April 2003, Affiliated FM issued certain policies containing a terrorism exclusion or limitation provision, along with an S-1 form used in connection with the policy Declarations Page, that had not been approved by the OIC.
5. Under Order D 00-105, dated November 20, 2000, Affiliated FM paid \$5000.00 to the OIC for issuing new or renewal policies that included rates or forms that had not been approved by the OIC.

CONCLUSIONS OF LAW

1. Affiliated FM's issuance of the policies with the unapproved EIFS and terrorism language constitutes a violation under RCW 48.18.100, .103.
2. In determining an appropriate assessment for any violations, the OIC may consider various pertinent factors such as: Affiliated FM's history of previous violations; Affiliated FM's willingness to work with the OIC to ensure that policy rates and forms are duly and timely filed and approved; and the amount of assessment reasonably likely to deter a future violation.

3. Under RCW 34.05.060, the OIC is authorized to resolve this matter through this Order.

ORDER

Under RCW 48.05.185, the OIC has offered a settlement to resolve this matter. Affiliated FM hereby waives its right to a formal hearing under the Washington State Administrative Procedure Act (RCW 34.05), notice thereof, and any judicial challenge to the OIC's actions related to the subject matter of this Order, consents to the entry of this Order, admits to the foregoing findings of fact and conclusions of law, and acknowledges its duty to comply fully with the applicable laws of the State of Washington.

By agreement of the parties, the OIC will not take any other action to discipline Affiliated FM in this matter other than as set forth below:

- Affiliated FM will pay \$400,000.00 within thirty (30) days of the date this Order is entered;
- Affiliated FM will commit no further violations of the laws that are the subject of this Order; and
- Affiliated FM will agree to an examination by the OIC to review Affiliated FM's continued compliance with applicable Washington law.

EXECUTED and AGREED this _____ day of March, 2004.

AFFILIATED FM INSURANCE COMPANY

By: _____

Title: _____

ENTERED AT TUMWATER, WASHINGTON, This _____ day of _____, 2004.

MIKE KREIDLER
INSURANCE COMMISSIONER

By: _____
Mary Cotter
Staff Attorney
Legal Affairs Division